

TRUCKEE MEADOWS WATER AUTHORITY
MINUTES OF THE DECEMBER 12, 2019
MEETING OF THE BOARD OF DIRECTORS

The Board of Directors met on Thursday, December 12, 2019, at Sparks Council Chambers, 745 4th Street, Sparks Nevada. Chair Hartung called the meeting to order at 10:00 a.m.

1. ROLL CALL

Members Present: **Jenny Brekhus, Kristopher Dahir, *Naomi Duerr, Neoma Jardon, Vaughn Hartung, and Jeanne Herman.

Members Absent: Paul Anderson.

A quorum was present.

**Member Duerr was present via telephone.*

***Member Brekhus left at 11:10 a.m.*

2. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Andy Gebhardt, TMWA Director of Operations & Water Quality.

3. PUBLIC COMMENT

There was no public comment

4. APPROVAL OF THE AGENDA

Upon motion by Member Herman second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the agenda.

5. APPROVAL OF THE MINUTES OF THE OCTOBER 16, 2019 MEETING

Upon motion by Member Jardon, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved the October 16, 2019 minutes.

6. PRESENTATION ON THE BUREAU OF RECLAMATION GRANT OF \$900,000 AWARDED TO TMWA TO CONDUCT A CLIMATE CHANGE STUDY REGARDING CHANGES TO WINTER OPERATIONS FOR FLOOD CONTROL AND DROUGHT STORAGE

Bill Hauck, TMWA Senior Hydrologist, informed the Board of the proposal submitted to the Bureau of Reclamation (BOR) for funding under the Water Management Options Pilots (WMOP) for the Truckee Basin Water Management Options Pilot Study, which addresses climate change and its impact on wintertime reservoir flood storage limits, flood control, and downstream flow thresholds. The total projected cost was \$1.82 million, of which TMWA would contribute 51% or \$926,000 through in-kind services such as hydraulic modeling, data analysis, technical support, document preparation and contractor services as needed. TMWA was recently awarded the grant from BOR in the amount of \$892,240 in federal funds toward the development of the proposed WMOP for the Truckee Basin.

Chair Hartung inquired about the timeline of implementation for the project. Mr. Hauck replied approximately three years from the signing of the Memorandum of Agreement (MOA) in March 2020.

John Enloe, TMWA Director of Natural Resources, stressed that the Board recognize this was an integral part of the Truckee River Basin Study, which indicated that TMWA consider reviewing the reoperation of reservoirs, and that Mr. Hauck worked diligently to put together the proposals along with coordinating with agencies to achieve the MOA.

Vice Chair Dahir thanked staff for their efforts and requested the Board be updated of the progress. Mr. Hauck replied he can provide an update in late summer 2020.

7. DISCUSSION AND ACTION ON ADOPTION OF RESOLUTION NO. 280: A RESOLUTION TO APPROVE THE COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2019

Matt Bowman, TMWA Financial Controller, presented the Comprehensive Annual Financial Report (CAFR) for Fiscal Year ended June 30, 2019. The audit, which was completed by Eide Bailly, went well with no findings, comments or audit adjustments. Mr. Bowman credited Sandra Tozi, TMWA Senior Accountant, with preparing the majority of the documentation for the auditors.

Member Brekhus commended staff on a great job with the CAFR and inquired about the depreciation of the system in relation to old infrastructure and how does TMWA depreciate water lines. Mr. Bowman replied the depreciation is a straight line over the life of the asset.

Upon motion by Member Jardon, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board adopted Resolution No. 280: A resolution to approve the Comprehensive Annual Financial Report for Fiscal Year ended June 30, 2019.

8. PRESENTATION OF FINANCIAL PERFORMANCE FOR FIRST QUARTER FISCAL YEAR 2020

Mr. Bowman presented the Financial Performance for First Quarter Fiscal Year 2020. The first quarter results indicate: water sales revenue and operating expenses are down from budget, \$1.4m and \$2.0m respectively; change in net position was \$4.2m higher than budget, due primarily to higher capital contributions; non-operating expenses were \$0.5m lower due to higher investment income of \$0.7m; interest expense was lower due to principal payments during the last year (approximately \$9.3m); capital contributions were \$3.0m higher than budget, which was driven by a higher volume of developer contributions leading up to the fee increase which took place on October 1st; capital spending was approximately \$8.2m; and cash on hand was \$212.4m or \$14.6m higher than the beginning of the year (\$155.5m unrestricted cash to meet operating & maintenance expenses, principal & interest payments and construction projects, and \$56.9m restricted cash to pay for reserves required for scheduled bond principal and interest payments and other reserve requirements).

Member Brekhus inquired about the increase in power costs since the Fish Springs pump station is online and if TMWA was eligible for similar benefits as the City of Reno to enter into an agreement with NV Energy. Mark Foree, TMWA General Manager, stated TMWA entered into an agreement with NV Energy that was part of the Farad Settlement (which was part of the \$21.5 million payment to TMWA) and agreed not to leave the system for 12 years, and we have eight years left before we can enter in to a similar agreement as with City of Reno.

Vice Chair Dahir inquired if it was necessary to go forward with the rate increase. Mr. Foree replied that staff recommended the rate increase at its October Board meeting and the status has not changed.

Member Jardon requested to open agenda items 9 and 10 together. Chair Hartung agreed.

9. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING THE PARAMETERS FOR THE TRUCKEE RIVER FUND SPRING REQUESTS FOR PROPOSALS

10. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF ON COLLABORATION WITH THE COMMUNITY HOMELESSNESS ADVISORY BOARD, AND/OR CITY OF RENO, CITY OF SPARKS AND WASHOE COUNTY REGARDING SOLUTIONS TO ISSUES ARISING FROM ENCAMPMENTS ON THE TRUCKEE RIVER

Mr. Enloe reminded the Board that at the October meeting several board members discussed the Truckee River Fund (TRF) priorities, which is outlined in the staff report. There was discussion as to whether there was an opportunity to use the TRF funds for the purpose of the Community Homelessness Advisory Board (CHAB) objectives. Since 2004, TRF funds have been used for that purpose; approximately \$2 million has been spent recently on Truckee River cleanup and water quality improvement efforts in Reno/Sparks.

The community agrees this is a priority and TRF advisors relay the concerns in the projects that get approved for funding; there is \$200k available for the spring proposals.

Andy Gebhardt, TMWA Director of Operations & Water Quality, stated he has presented to the CHAB regarding the encampments on the river and alleviated public concern that the treated water is severely affected. TMWA has always been involved (via the TRF projects and local projects), and continues to be involved (now with CHAB), in efforts to address these issues and improve collaboration.

At this time Board members expressed the need for TMWA to remain active, continue to work with local entities and be preventative in their actions in order to save TMWA money in the long-term; consider an advocacy approach to address campers along the river as a method to move the encampments away from the river; leverage stakeholder assets and participation to focus on water quality; and to keep in mind TMWA's scope as a water utility (not social services).

Upon motion by Member Jardon, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board accepted the Truckee River Fund report.

Upon motion by Member Jardon, second by Member Brekhus, which motion duly carried by unanimous consent of the members present, the Board approved staff to continue collaborating with the Community Homelessness Advisory Board and explore all opportunities to improve water quality and river experience.

11. REPORT REGARDING PUBLIC INPUT ON PROPOSED AMENDMENTS TO TMWA RULE 7 REGARDING WATER DEMAND ESTIMATES AND DISCUSSION AND POSSIBLE ACTION AND DIRECTION TO STAFF REGARDING PROPOSED AMENDMENT TO TMWA RULE 7

John Zimmerman, TMWA Water Resources Manager, and Laine Christman, TMWA Resource Economist & Conservation Supervisor, presented this staff report. Mr. Zimmerman reported upon direction from the Board at its October meeting, staff obtain public input regarding the proposed changes to the Rule 7 demand estimates for single- and multi-family residential developments. Staff presented to the Builders Association of Northern Nevada (BANN) and the TMWA Standing Advisory Committee (SAC) and held a public workshop. There were no objections and staff recommend moving forward with the rule change and holding the First Reading in January. Mr. Zimmerman noted a few questions that were raised: the change would not be retroactive for existing customers, but go into effect for future customers; and the SAC commented that we should prepare for anti-growth concerns.

Mr. Christman presented the analysis that water usage data for single-family and multi-family customers show a statistically distinct downward pattern of water use on average; a total of approximately 241 acre feet (AF) underutilization of water rights dedicated for single-family use for all lot sizes in the studied services; and the proposed per unit factor for multi-family services, based on 3-year average use, of 0.11 AF (a difference of 0.01 AF/unit from the current factor). The proposed estimation will yield more

efficient allocation of resources, which will require less water rights to be dedicated and will lower total cost of housing in the area.

Board Members inquired about the cause of lower dedication (smaller lots and larger buildings, means less outside irrigation, which is driving lower demand); the effect of the rule change to South Truckee Meadows General Improvement District (STMGID) and merger agreement (the merger documents do not require the use of the current Rule 7 for STMGID developments); and the 11% conservation (drought) factor (required under the Truckee River Operating Agreement (TROA)).

Mr. Zimmerman added staff proposed to include a limit on the maximum allocation that could be purchased from TMWA's Rule 7 Inventory to obtain a Will-Serve Commitment from TMWA without General Manager approval. Mark Foree, TMWA General Manager, added the intent is that the proposed limit would apply to large industrial projects that propose to use a substantial volume of water; Staff discussed with the developers (at the time when the facility charges increased) they would review the dedication requirements since peak day demand had decreased for residential properties.

Upon motion by Member Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the proposed amendments to TMWA Rule 7 regarding water demand estimates and bring it back for the first reading at the next meeting.

12. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE (SAC) TO FILL THE COMMERCIAL CUSTOMER REPRESENTATIVE ALTERNATE, AND OTHER POSSIBLE VACANCIES FOR TERMS BEGINNING JANUARY 1, 2020 TO DECEMBER 31, 2021 FROM THE FOLLOWING POOL OF CANDIDATES LISTED: JOHN KRMPOTIC

Sonia Folsom, TMWA Standing Advisory Committee (SAC) Liaison, presented the staff report, a brief history of the SAC and their charge of reviewing TMWA rates, budget, and finances.

Vice Chair Dahir commented that he personally knows John Krmptic and he would be a great addition to the SAC.

Upon motion by Member Dahir, second by Member Jardon, which motion duly carried by unanimous consent of the members present, the Board approved the appointment of John Krmptic to the Standing Advisory Committee to fill the commercial customer representative alternate position.

13. DISCUSSION AND ACTION, AND POSSIBLE DIRECTION TO STAFF REGARDING APPOINTMENTS TO THE STANDING ADVISORY COMMITTEE TO FILL VACANCIES IN EXISTING POSITIONS WHOSE TERMS EXPIRE DECEMBER 31, 2019, SUCH APPOINTMENTS TO BE MADE FOR NEW TERMS FROM JANUARY 1, 2020 TO DECEMBER 31, 2021 FROM THE FOLLOWING

LIST OF CANDIDATES: (1) FRED SCHMIDT, PRIMARY REPRESENTATIVE, WHOLESALE CUSTOMER; (2) JONNIE PULLMAN, ALTERNATE REPRESENTATIVE, MULTI-FAMILY CUSTOMER; (3) COLIN HAYES, PRIMARY REPRESENTATIVE, BUILDERS ASSOCIATION OF NORTHERN NEVADA (BANN); (4) JIM SMITH, ALTERNATE REPRESENTATIVE, BANN CUSTOMER; (5) TAYLOR RUSSO, PRIMARY REPRESENTATIVE, RENO-SPARKS CHAMBER CUSTOMER; AND (6) ANN SILVER, ALTERNATE REPRESENTATIVE, RENO-SPARKS CHAMBER CUSTOMER

Ms. Folsom presented the staff report.

Upon motion by Member Jardon, second by Member Herman, which motion duly carried by unanimous consent of the members present, the Board approved the appointments of: (1) Fred Schmidt, primary representative, wholesale customer; (2) Jonnie Pullman, alternate representative, multi-family customer; (3) Colin Hayes, primary representative, Builders Association of Northern Nevada (BANN); (4) Jim Smith, alternate representative, BANN customer; (5) Taylor Russo, primary representative, Reno-Sparks Chamber customer; and (6) Ann Silver, alternate representative, Reno-Sparks Chamber customer to the Standing Advisory Committee to fill vacancies in existing positions whose terms expire December 31, 2019, such appointments to be made for new terms from January 1, 2020 to December 31, 2021.

14. DISCUSSION AND ACTION ON SCHEDULING REGULAR BOARD MEETING DATES AND TIMES FOR THE CALENDAR YEAR (CY) 2020

Ms. Folsom presented the proposed 2020 meeting calendar, stating there were no conflicts with other agency meetings. She noted the October 21, 2020 Strategic Planning Workshop is to be held at TMWA's office, 1355 Capital Blvd and to allow approximately four hours for discussion.

Upon motion by Member Jardon, second by Member Dahir, which motion duly carried by unanimous consent of the members present, the Board approved the regular board meeting dates and times for the CY 2020.

15. GENERAL MANAGER'S REPORT

Mr. Foree reported that the snowpack is off to a good start.

16. PUBLIC COMMENT

There was no public comment.

17. BOARD COMMENTS AND REQUESTS FOR FUTURE AGENDA ITEMS

Vice Chair Dahir mentioned this past week, a TMWA Board member wrote a letter referenced in a newspaper article referencing TMWA, that may have appeared to be supported by TMWA, and that was done without Board review or consideration, which was unacceptable. He stated that such issues (raised in the letter) should go to the Board directly for discussion and possible action, and that he takes pride being on the TMWA Board and in TMWA's reputation of being transparent and fair, and this action by an individual Board member goes against that.

Chair Hartung noted that they can identify as Board members and make comments in public, but review of anyone who is under a contracted service, who does not fall under the general manager's purview, should be requested and styled as an agenda item for discussion and possible action.

Member Jardon commented on TMWA's transparency and openness with the public and would like to have a discussion at the next meeting.

Mr. Foree asked for clarification, and received confirmation, that the request was for a future agenda item for the Board to review and possibly add to the Board's existing governing rules and regulations in regard to actions by individual Board members.

Mr. Foree added Member Brekhus had a request for a future agenda item regarding how the water basin adjudication process works with the State Engineer's office.

18. ADJOURNMENT

With no further discussion, Chair Hartung adjourned the meeting at 11:35 a.m.

Approved by the TMWA Board of Directors in session on January 15, 2020.

Sonia Folsom, Board Clerk.

****Member Brekhus was present for agenda items 1 thru 10 and part of 11 only.***